1966

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DOME MINES LIMITED

Report to Shareholders

For the Financial Year Ended December 31

1966

Including Copies of the Reports of

SIGMA MINES (QUEBEC) LIMITED

(NO PERSONAL LIABILITY)

and

CAMPBELL RED LAKE MINES LIMITED

FOR THE SAME PERIOD

DOME MINES LIMITED

Report to Shareholders

For the Financial Year Ended December 31

1966

ANNUAL MEETING OF SHAREHOLDERS

will be held
at 10:30 o'clock a.m. (Toronto time)
Monday, April 24, 1967,
Library, Royal York Hotel,
TORONTO, ONTARIO

To Canadian Shareholders:

It is the view of the management of the Company that Canadian shareholders are entitled to a depletion allowance of 20% of the dividends received by them from the Company during the year 1966 pursuant to Section 11 of the Income Tax Act and the Income Tax Regulations.

Dome Mines Limited

(Incorporated under the laws of Canada)

LOCATION OF MINE AND HEAD OFFICE

South Porcupine, Ont.
Canada

ADDRESS OF THE CHAIRMAN OF THE BOARD

42 Wall Street, New York, N.Y. 10005.

ADDRESS OF THE PRESIDENT

360 Bay Street, Suite 702, Toronto 1, Ont.

ADDRESS OF THE SECRETARY

36 Toronto Street, Toronto 1, Ont.

REGISTRARS

Canada Permanent Trust Company
253 Bay Street, Toronto 1, Ont.
Bankers Trust Company, 16 Wall Street, New York, N.Y. 10015.

TRANSFER AGENTS

Crown Trust Company, 302 Bay Street, Toronto 1, Ont.
The Bank of New York, 20 Broad Street, New York, N.Y. 10005.

AUDITORS

Clarkson, Gordon & Co. — Toronto 1, Ont.

VICE-PRESIDENT AND GENERAL MANAGER

Charles P. Girdwood

GENERAL SUPERINTENDENT — South Porcupine

Arthur D. Robinson

DOME EXPLORATION (CANADA) LIMITED

360 Bay Street, Suite 702, Toronto 1, Ont.

GENERAL COUNSEL

Fasken, Calvin, MacKenzie, Williston & Swackhamer
36 Toronto Street, Toronto 1, Ont.

DIRECTORS

Clifford W. Michel	New York, N.Y.
F. Warren Pershing	New York, N.Y.
Henry C. Brunie	New York, N.Y.
A. Bruce Matthews	Toronto, Ont.
James B. Redpath	Toronto, Ont.
William F. James	Toronto, Ont.
William R. Biggs	New York, N.Y.
Allen T. Lambert	Toronto, Ont.
Bryce R. MacKenzie	Toronto, Ont.

OFFICERS

Clifford W. Michel
Chairman of the Board and Treasurer

James B. Redpath
President

Charles P. Girdwood
Vice-President and General Manager

Bryce R. MacKenzie
Secretary

H. H. Butterman
Assistant Secretary

F. M. Fell
Assistant Secretary

H. W. Macdonell
Assistant Treasurer

A. D. Robinson
General Superintendent

It is recorded here that it is the intention of the present management to solicit proxies. The form of proxy and the proxy statement will accompany the Notice of Annual Meeting which is being mailed to all shareholders.

COMPARATIVE SUMMARY

	Parent Company	
	1966	1965
Tonnage Milled	712,500	713,000
Ounces Gold Produced	178,988	178,550
Average Price of Gold per ounce	$37.71	$37.73
Value of Bullion	$ 6,805,509	$ 6,794,769
Operating Costs	$ 7,050,231	$ 6,480,298
Net Income (before equity in undistributed earnings of subsidiary companies)	$ 2,646,034	$ 2,700,742
Net Income per share (before equity in undistributed earnings of subsidiary companies)	$1.36	$1.39
Current Assets	$ 9,676,381	$13,366,828
Current Liabilities	$ 995,740	$ 1,219,403
Working Capital	$ 8,680,641	$12,147,425
Investments (at book value on equity basis in 1966; at cost in 1965)	$18,486,082	$ 9,345,427
Number of Shareholders — December 31	6,531	6,430
Dividends Declared	$ 1,557,335	$ 1,752,001
Dividends declared per share	$0.80	$0.90
Shares Issued	1,946,668	1,946,668

	1966	1965
Sigma Mines (Quebec) Limited (63% owned by Dome)		
Net Income	$ 437,771	$ 440,819
Campbell Red Lake Mines Limited (57% owned by Dome)		
Net Income	$ 2,485,013	$ 2,442,062

REPORT OF THE DIRECTORS

of

Dome Mines Limited

(For the Financial Year Ended December 31, 1966)

Toronto, Ontario,
February 23, 1967.

To the Shareholders of
Dome Mines Limited:

On behalf of your Directors, the Chairman and President are pleased to submit their joint report covering the financial year ended December 31, 1966. This report in the form initiated in 1964, includes the Balance Sheet and Statements of Income and Surplus which consolidate your Company's interests in its subsidiaries, the principal of which are Campbell Red Lake Mines Limited and Sigma Mines (Quebec) Limited. In order to compare with previous Annual Reports, it includes as heretofore, the parent Company's Balance Sheet and Statements of Income and Surplus together with a Statement of Source and Application of Funds. All these statements are certified by the Auditors of the Company. Our Report also includes the Report of the General Manager and the Report of the President of Dome Exploration (Canada) Limited, our exploration subsidiary.

The 1966 statements of the parent Company, unconsolidated, reflect the adoption of the equity method of accounting for investments in subsidiary companies. As a result, the book value of these investments on the Balance Sheet has been adjusted to reflect the Company's share of undistributed earnings of the subsidiaries since acquisition, and the income statement for the current year, reflects, in addition to dividends received, the Company's share of the undistributed earnings of the subsidiaries for their 1966 fiscal years. Under the equity method, the 1966 net income of the parent Company, unconsolidated, of \$3,007,249 is the same as the net income shown in the 1966 consolidated income statement. In contrast, net income of \$2,700,742 reported for the parent Company, unconsolidated, a year ago (and included in the 1965 comparative figures shown on this year's statements) differed from that shown in the consolidated income statement in that it did not include the Company's share of undistributed earnings of the subsidiaries for their 1965 fiscal years. Consolidated Net Income for 1966 aggregated \$3,007,249 or \$1.54 per share as compared with \$3,039,218 or \$1.56 per share in 1965.

Having regard to the greatly accelerated pace of inflation in Canada and as yet no government decision as to the conditions under which the Emergency Gold Mining Assistance Act will be renewed when it expires at the end of 1967, the Boards of Directors have decided that the prudent course would be to write down to \$1 the book value of Dome and Sigma mining claims and properties. The amounts at which these claims and properties were previously carried on the books aggregated \$6.9 million dollars and represented substantially the cost of various property acquisitions extending back over 55 years with no deduction for ores mined during this period.

Dealing with the parent Company only, the gross production was 178,988 ounces of gold, as compared with 178,550 ounces in 1965. In spite of substantial and vital payments under the Emergency Gold Mining Assistance Act, revenue from the operation of the parent mine decreased from \$902,626 in 1965 to \$636,450 in 1966 as increases in wages and supplies affected operating costs. Other income which includes dividends from the subsidiaries and interest and dividends from investments increased from \$2,228,116 to \$2,294,584. After income taxes of \$285,000, net income of the parent Company before reflecting the undistributed earnings of subsidiary companies, amounted to \$2,646,034 in 1966, or \$1.36 per share, as compared with \$2,700,742, or \$1.39 per share in 1965. Dividends aggregating 80¢ per share were declared during the year, comprising 4 quarterly payments of 20¢ each. Considering the uncertainties presented by inflation and the indefinite status of the renewal of E.G.M.A. the 10¢ extra dividend which was declared in 1964 and 1965 was omitted.

The financial position of the parent Company is strong, with Current Assets of \$9,676,000, almost 10 times greater than Current Liabilities of \$996,000. However, the Net Excess of Current Assets over Current Liabilities declined by \$3,467,000 during the year, and reflected for the most part further investment in the shares and debentures of our affiliate, Dome Petroleum Limited. In May 1966, your Company acquired 130,000 additional shares when a single block was offered for sale, increasing our holdings to 595,000 shares, or approximately 23% of the outstanding stock.

In July, 1966, a discovery well was drilled by others in the North Zama Lake area of northern Alberta on land near to Dome Petroleum ground. It became apparent that Crown lands would be offered for sale, and that our affiliate would be in a unique position to bid for tracts near or adjacent to its extensive holdings. To assist it to participate in these bids, your Company in September agreed to advance \$3,000,000 on a temporary secured

basis, until the development of its North Zama Lake program could be properly evaluated. Dome Petroleum Limited recently reported the successful completion of nine oil wells in this area and the acquisition, alone or with others, of 3,520 gross lease acres for an aggregate cost in excess of $6,000,000 which is in addition to its current holdings in the Zama-Bistcho area of 148,109 gross acres. It further indicated that seismic work to date would probably require the drilling of at least 30 wells in its 1967 program. Apart from this most interesting development in the North Zama Lake area, our petroleum affiliate enjoyed a satisfactory year, with gross income from oil and gas production increasing approximately 9% to $7,775,000, while net income increased 6% to $4,325,000 as compared with $4,064,000 in 1965. Our investment in the shares of this company, which stands on our books at $3,206,000, had a market value of $21,420,000, based on the 1966 closing bid price on the Toronto Stock Exchange.

The Annual Reports of our two major subsidiaries, Campbell Red Lake Mines Limited and Sigma Mines (Quebec) Limited are attached to this report. The dividends from Campbell provide the largest source of other income to the parent. Campbell's earnings, with no benefit from Cost Aid, reached a record high of $2,485,013, up from the $2,442,062 in 1965. The net income from Sigma amounted to $437,771, a decrease of approximately $3,000 from the previous year. The shares of Campbell which cost us $1,332,000 had a market value of $48,240,000 based on the 1966 closing bid price on the Toronto Stock Exchange. Comparable figures for our holdings in Sigma were a cost of $732,000 and a market value of $2,815,000.

The search for new mineral deposits continued with the subsidiaries Campbell Red Lake Mines and Sigma Mines participating in various projects under the agreement which went into effect in 1959. The year's activities are reviewed on page seventeen.

Our holdings in Mattagami Lake Mines Limited and the Canada Tungsten Mining Corporation Limited resulted from your Company's participating in basic mineral exploration projects. Mattagami Lake Mines, with its 62½% ownership of the refining facilities operated at Valleyfield, Quebec, by Canadian Electrolytic Zinc Limited has had a very satisfactory year and had redeemed all of its outstanding debentures by year-end, and declared an initial dividend on February 21st, 1967.

Improved metallurgy and better prices for tungsten concentrates substantially improved the operation of Canada Tungsten up to the 26th of December when the mill in the Northwest Territories was destroyed by fire. This company has announced that the mill, which was insured, will be rebuilt.

Scarcity of experienced mine, mill and general maintenance employees, and the high turnover of inexperienced men together with the effects of inflation on both wages and supplies have increased dependence on the Emergency Gold Mining Assistance Act to a point where the majority of gold mines and the communities dependent upon them owe their very existence to its alleviation of rising costs. Inflationary pressures continue and it is to be hoped that the government will recognize these pressures in their consideration of the terms under which E.G.M.A. will be renewed, when it expires, at the end of 1967.

In the past year, the free world produced approximately $1,500 million of gold, valued at U.S. $35 per ounce. For the first time in recent history, none of this found its way into the aggregate reserves of the central banks of the western world; in effect, it ended up in private hoards, or was consumed by industry and the arts. The International Monetary Fund has yet to devise a substitute reserve unit for gold, and its task, which it must solve, if a growing world trade is to be maintained, is necessarily difficult. As a leading New York bank, in its annual gold review said, among other things: "The power to create international money is, in the final analysis, the power to take tangible goods from some countries and give them to others. Such power will, of necessity, have to be circumscribed both in amounts and in time — something that, in the view of many leading nations, can most efficiently be done by retaining gold as the inner circle of the monetary universe."

Again your Directors express their appreciation to the management and staff of the parent and subsidiary companies for their untiring efforts in planning and direction during the year under review.

Respectfully submitted,

On behalf of the Board,

CLIFFORD W. MICHEL,
Chairman.

JAMES B. REDPATH,
President.

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BALANCE SHEET

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ASSETS

	Parent Company		Consolidated	
	1966	1965	1966	1965
Current Assets:				
Cash, including bank term deposits	$ 1,478,219	$ 4,212,941	$ 2,552,252	$ 5,453,079
Bullion on hand and in transit, at net realizable value	487,909	536,496	1,452,016	1,808,021
Short term commercial paper, at cost	3,197,203	5,440,949	6,668,102	8,627,768
Marketable securities (schedule attached) (note 2)	3,389,812	2,216,513	7,638,714	5,679,645
Accounts receivable —				
Dividends receivable from subsidiary companies	536,702	544,351		
Other (including accrued interest and estimated amount receivable under the Emergency Gold Mining Assistance Act)	586,536	415,578	1,085,450	797,331
	9,676,381	13,366,828	19,396,534	22,365,844
Investments (schedule attached) (notes 1 and 2):				
Subsidiary companies	11,342,114	6,733,601		
Other	7,143,968	2,611,826	11,815,589	7,290,447
	18,486,082	9,345,427	11,815,589	7,290,447
Capital Assets:				
Buildings, machinery and equipment, substantially at cost	6,759,605	6,619,771	17,480,941	17,205,308
Less accumulated depreciation	6,317,516	6,136,092	16,087,467	15,611,398
	442,089	483,679	1,393,474	1,593,910
Mining claims and properties (note 3)	1	6,360,264	737,607	7,627,068
	442,090	6,843,943	2,131,081	9,220,978
Other Assets:				
Mining and milling supplies, at cost	853,027	879,139	1,854,430	1,876,207
Deposits and prepaid expenses	77,624	55,239	129,157	87,360
Non-current accounts receivable			247,952	244,853
Special 5% refundable tax	48,658		159,229	
	979,309	934,378	2,390,768	2,208,420
	$29,583,862	$30,490,576	$35,733,972	$41,085,689

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ECEMBER 31, 1966

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LIABILITIES

	Parent Company 1966	Parent Company 1965	Consolidated 1966	Consolidated 1965
Current Liabilities:				
Salaries and wages payable	$ 240,718	$ 240,964	$ 420,417	$ 411,250
Accounts payable	145,552	178,914	390,271	358,379
Accrued charges	98,326	98,399	171,470	167,942
Accrued taxes	121,810	117,126	898,480	881,990
Dividends payable	389,334	584,000	726,531	921,197
	995,740	1,219,403	2,607,169	2,740,758
Deferred Income Taxes	35,000	55,000	133,000	173,000
Minority Interest in Subsidiary Companies			4,440,681	4,352,077
Capital and Surplus:				
Capital —				
Authorized:				
2,000,000 shares of no nominal or par value				
Issued:				
1,946,668 shares	7,000,000	7,000,000	7,000,000	7,000,000
Paid-in surplus	3,606,389	3,606,389	3,606,389	3,606,389
Earned surplus — appropriated as reserve for contingencies, securities, etc.		2,354,708		2,354,708
Earned surplus — unappropriated	17,946,733	16,255,076	17,946,733	20,858,757
	28,553,122	29,216,173	28,553,122	33,819,854
	$29,583,862	$30,490,576	$35,733,972	$41,085,689

On behalf of the Board:

J. B. REDPATH, Director.

B. R. MacKENZIE, Director.

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Dome Mines Limited

and its subsidiary companies

STATEMENTS OF INCOME
FOR THE YEAR ENDED DECEMBER 31, 1966

(with comparative figures for the year 1965)

	Parent Company		Consolidated	
Revenue:	**1966**	**1965**	**1966**	**1965**
Bullion	$6,805,509	$6,794,769	$16,312,073	$16,090,603
Expenditures:				
Development	1,164,738	1,330,432	2,327,158	2,536,611
Shaft sinking	96,206	43,769	96,206	85,857
Mining	4,371,141	3,769,863	6,793,423	6,036,423
Reduction	941,958	867,561	2,101,427	1,918,679
Refining and marketing	56,303	54,993	128,328	130,972
General and administrative	369,927	365,118	875,944	833,167
Taxes other than income	49,958	48,562	113,256	106,834
	7,050,231	6,480,298	12,435,742	11,648,543
Less credit under the Emergency Gold Mining Assistance Act	1,305,000	1,005,000	1,814,500	1,457,400
	5,745,231	5,475,298	10,621,242	10,191,143
	1,060,278	1,319,471	5,690,831	5,899,460
Deduct:				
Provision for depreciation	189,735	199,273	521,587	564,503
Provision for tax under Provincial Mining Tax Acts	44,000	60,000	383,500	381,800
Outside exploration expenses	190,093	157,572	295,255	231,386
	423,828	416,845	1,200,342	1,177,689
Operating profit	636,450	902,626	4,490,489	4,721,771
Add other income:				
Dividends from subsidiary companies	1,566,712	1,422,612		
Other dividends	11,294	68,944	151,044	127,234
Interest, etc.	716,578	736,560	1,253,597	1,155,226
	2,294,584	2,228,116	1,404,641	1,282,460
Income before provision for income taxes	2,931,034	3,130,742	5,895,130	6,004,231
Provision for income taxes	285,000	430,000	1,649,425	1,743,987
	2,646,034	2,700,742	4,245,705	4,260,244
Equity in 1966 undistributed earnings of subsidiary companies (note 2)	361,215			
Minority interest in income of partially-owned subsidiary companies			(1,238,456)	(1,221,026)
Net income for the year (note 2)	$3,007,249	$2,700,742	$ 3,007,249	$ 3,039,218

(See accompanying notes to financial statements)

Dome Mines Limited

and its subsidiary companies

STATEMENTS OF SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 1966
(with comparative figures for the year 1965)

	Parent Company		Consolidated	
	1966	1965	1966	1965
Paid-in surplus:				
Balance December 31	$ 3,606,389	$ 3,606,389	$ 3,606,389	$ 3,606,389
Earned surplus appropriated as reserve for contingencies, securities, etc.:				
Balance January 1	$ 2,354,708	$ 2,354,708	$ 2,354,708	$ 2,354,708
Deduct transfer to earned surplus unappropriated	2,354,708		2,354,708	
Balance December 31	—	$ 2,354,708	—	$ 2,354,708
Earned surplus unappropriated:				
Balance January 1	$16,255,076	$15,306,335	$20,858,757	$19,571,540
Add:				
Parent company's share of prior years' undistributed earnings of subsidiary companies (note 2)	4,603,681			
Net income for the year	3,007,249	2,700,742	3,007,249	3,039,218
Transfer from reserve for contingencies, securities, etc.	2,354,708		2,354,708	
	26,220,714	18,007,077	26,220,714	22,610,758
Deduct:				
Dividends declared of 80¢ per share comprising four quarterly dividends of 20¢ each (1965 total — 90¢ per share)	1,557,335	1,752,001	1,557,335	1,752,001
Adjustment to reflect write-down of Dome and Sigma mining claims and properties to a nominal value (note 3)	6,716,646		6,716,646	
	8,273,981	1,752,001	8,273,981	1,752,001
Balance December 31	$17,946,733	$16,255,076	$17,946,733	$20,858,757

STATEMENTS OF SOURCE AND APPLICATION OF FUNDS
FOR THE YEAR ENDED DECEMBER 31, 1966
(with comparative figures for the year 1965)

	Parent Company		Consolidated	
	1966	1965	1966	1965
Source of funds:				
Net income for year (note 2)	$ 3,007,249	$ 2,700,742	$ 3,007,249	$ 3,039,218
Equity in 1966 undistributed earnings of subsidiary companies	(361,215)			
Depreciation	189,735	199,273	521,587	564,503
Decrease in deferred income taxes	(20,000)	(20,000)	(40,000)	(41,000)
Minority interest in income of subsidiaries less dividends paid			261,419	243,989
Total	2,815,769	2,880,015	3,750,255	3,806,710
Application of funds:				
Dividends	1,557,335	1,752,001	1,557,335	1,752,001
Expenditures on capital assets (net)	148,145	141,644	321,151	451,079
Increase (decrease) in other investments	4,532,142	(359,246)	4,525,142	(368,468)
Increase (decrease) in other assets	44,931	62,976	182,348	(12,640)
Total	6,282,553	1,597,375	6,585,976	1,821,972
Net increase (decrease) in working capital for year	(3,466,784)	1,282,640	(2,835,721)	1,984,738
Working capital, January 1	12,147,425	10,864,785	19,625,086	17,640,348
Working capital, December 31	$ 8,680,641	$12,147,425	$16,789,365	$19,625,086

(See accompanying notes to financial statements)

Dome Mines Limited

and its subsidiary companies

SCHEDULE OF MARKETABLE SECURITIES AND INVESTMENTS
DECEMBER 31, 1966
(with comparative figures at December 31, 1965)

	Par value or number of shares	Book value (note 2) 1966	Book value (note 2) 1965
Marketable Securities:			
Parent company —			
Government and government guaranteed short term securities ($2,200,000 par value in 1965)	$3,425,000	$ 3,335,569	$2,162,270
Kerr Addison Mines Limited	10,000	54,243	54,243
		3,389,812	2,216,513
Subsidiary companies —			
Government and government guaranteed short term securities ($3,516,000 par value in 1965)	$4,363,500	4,248,902	3,463,132
Consolidated		$ 7,638,714	$5,679,645
(Quoted market value of above "Marketable Securities": 1966 — parent company $3,483,000, consolidated $7,709,000; 1965 — parent company $2,255,000, consolidated $5,686,000)			
Subsidiary Companies:			
Parent company —			
Campbell Red Lake Mines Limited (57% owned) (In 1966, at cost of $1,331,595 plus equity in undistributed earnings of $3,290,481; 1965, at cost)	2,270,105	$ 4,622,076	$1,331,595
Sigma Mines (Quebec) Limited (63% owned) (In 1966, at cost of $731,764 plus equity in undistributed earnings of $1,319,098; 1965, at cost)	625,536	2,050,862	731,764
Dome Exploration (Canada) Limited (100% owned) (note 2)	250	25,000	25,000
Dome Investments Limited (100% owned):			
Note receivable	$4,642,242	4,642,242	4,642,242
Shares (note 2)	1,000	1,934	3,000
		$11,342,114	$6,733,601
Other Investments:			
Parent company —			
Dome Petroleum Limited:			
7% secured debentures due February 1, 1967	$3,000,000	$ 3,000,000	
Shares (465,000 shares in 1965)	595,000	3,206,543	$1,088,125
Canada Tungsten Mining Corporation Limited:			
6% promissory note	$ 145,200		
6% income debentures due in 1971	$ 389,136	534,337	534,337
Shares	698,164		
Mattagami Lake Mines Limited:			
Shares	366,192	33,292	33,292
Income debentures			532,609
Sundry		369,796	423,463
		7,143,968	2,611,826
Subsidiary companies —			
Anglo Norness Shipping Company Limited:			
5½% Convertible Promissory Note, due December 31, 1971	U.S. $2,500,000	2,619,532	2,619,532
Cities Service Company, common shares	80,000	2,023,088	2,023,088
Local school and municipal debentures ($36,000 par value in 1965)	$ 29,000	29,000	36,000
Sundry		1	1
Consolidated		$11,815,589	$7,290,447

(Quoted market values of above "Other Investments", including notes and debentures at their par value:
1966 — parent company $31,337,000, consolidated $38,117,000;
1965 — parent company $16,107,000, consolidated $22,512,000)

(See accompanying notes to financial statements)

Dome Mines Limited

and its subsidiary companies

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1966

1. The consolidated financial statements include the accounts of two wholly-owned subsidiaries, Dome Investments Limited and Dome Exploration (Canada) Limited and two partially-owned subsidiaries, Campbell Red Lake Mines Limited (57% owned) and Sigma Mines (Quebec) Limited (63% owned).
2. In 1966 the company changed from the cost method to the equity method of accounting for its investments in subsidiary companies. As a result, the carrying value of these investments in the balance sheet of the parent company, unconsolidated, has been adjusted to reflect the company's share of undistributed earnings of the subsidiaries since acquisition ($4,608,513) and the income statement of the parent company, unconsolidated, for the current year reflects, in addition to dividends received, the company's share of the undistributed earnings of the subsidiaries for their 1966 fiscal years ($361,215). Under the equity method the 1966 net income shown for the parent company unconsolidated is the same as the net income shown in the consolidated income statement. In contrast, the net income figure reported for the parent company, unconsolidated, a year ago (and included in the 1965 comparative figures shown on this year's statements) did not include the company's share of undistributed earnings of the subsidiaries for their 1965 fiscal years ($338,476). Marketable securities and other investments are carried at cost except for (a) shares acquired as a result of development work (which are carried at nominal value), and (b) certain other investments which are carried at cost less amounts written off.
3. The mining claims and properties of Dome Mines Limited and Sigma Mines (Quebec) Limited were written down to nominal value during 1966 (by charges against earned surplus). The amount of $737,607 shown for mining claims and properties on the 1966 consolidated balance sheet is made up as follows:

Dome Mines Limited:		
Mining claims and properties, at nominal value		$ 1
Sigma Mines (Quebec) Limited:		
Mining claims and properties, at nominal value	$ 1	
Leasehold properties, at cost	21,500	21,501
Campbell Red Lake Mines Limited:		
Mining claims and properties, acquired for 1,277,500 shares issued at (with no deduction for ores mined)	197,500	
Excess of cost of Dome's investment in shares of Campbell over underlying book values at dates of acquisition	404,539	
Townsite land, at cost	114,066	716,105
		$ 737,607

4. Dome has guaranteed (to the extent of $217,800) bank borrowings of one of the companies in which it has an investment interest.
5. The total remuneration paid in respect of 1966 by the company and its subsidiaries to directors of the company, including those holding salaried employment, amounted to $84,600.

AUDITORS' REPORT

To the Shareholders of
Dome Mines Limited:

We have examined the balance sheets of Dome Mines Limited, parent company, and of Dome Mines Limited and its subsidiary companies consolidated, as at December 31, 1966 and the related statements of income, surplus and source and application of funds for the year then ended. Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion the aforementioned financial statements present fairly the financial position of Dome Mines Limited and of that company and its subsidiary companies consolidated, as at December 31, 1966, the results of their operations and the source and application of funds for the year then ended, in conformity with generally accepted accounting principles which (except for the change, which we approve, to the equity method of accounting for investments in subsidiary companies as explained in note 2 to the financial statements) have been applied on a basis consistent with that of the preceding year.

Toronto, Canada,
February 3, 1967.

CLARKSON, GORDON & CO.,
Chartered Accountants.

REPORT OF THE GENERAL MANAGER

To the Chairman of the Board, President and Directors:

I submit for your consideration this report on the operations of your Company during the year 1966.

During the year 712,500 tons of ore were treated in the mill. In the course of mining operations 53,300 tons of waste rock were excavated, most of which was used as backfill or deposited in the old open pit.

The 712,500 tons of ore milled yielded 178,988 ounces of gold, the yield being 0.2512 ounces, or 5.02 dwt. per ton.

All grades of ore will be expressed in pennyweights (dwt.) throughout this report. One pennyweight equals one-twentieth (1/20th) of an ounce Troy weight. The price paid by the Royal Canadian Mint is based on $35.00 per ounce United States funds and settlements are made in equivalent Canadian funds at current exchange rates. The average price received for gold was $37.71 per ounce compared to $37.73 per ounce for the previous year.

COSTS:

The expenditure on development was $1,164,738 or $1.63 per ton as compared with $1,330,432 or $1.87 per ton milled in 1965.

The expenditure on shaft sinking was $96,206 or $0.14 per ton as compared with $43,769 or $0.06 per ton milled in 1965.

The expenditure on mining was $4,371,141 or $6.13 per ton as compared with $3,769,863 or $5.28 per ton milled in 1965.

The total operating charges for the year were $7,050,231 or $9.90 per ton as compared with $6,480,298 or $9.09 per ton milled in 1965.

The operating cost per ounce of gold produced was $39.39 as compared with $36.29 in 1965.

DEVELOPMENT:

SUMMARY OF DEVELOPMENT FOOTAGE BY LEVELS FOR THE YEAR 1966

Level	Drifts	Cross-cuts	Drift and Cross-cut Slab	Raises	Boxholes	Raise and Boxhole Slab	Shafts	Stations	Totals	Diamond Drilling (Exploration & Direction of Mining)
Surface										
1st										
3rd	70	41	63	30	112	99			415	3,017
4th										
5th	28	462	27		27	18			562	2,790
6th	985	30	32						1,047	
7th			21						21	666
8th	167	151	32	799	40	106			1,295	3,946
9th	120		1	128	49	36			334	272
10th	216	5	69	438		90			818	6,426
11th	262	33	56	110	116	89			666	1,280
12th	139	590	48	275	128	92			1,272	7,913
13th	679	69	99	489	188	241			1,765	3,061
14th	141	60	35	99		13			348	2,474
15th	204	449	35	7					695	10,386
16th	542	14	76	223		68			923	507
17th	468		44	132	20	30			694	3,845
18th		141	33			41			215	3,357
19th	653	650	106	163	519	278			2,369	14,577
20th	619	308	46	150	269	26			1,418	5,818
21st	1,751	658	113	372	123	53			3,070	9,574
22nd	424	82	59	162	361	216			1,304	3,473
23rd	77								77	616
24th	115	27	23	233	214	29			641	6,316
25th	1,067	654	140	8	71	73			2,013	8,661
26th	256	127	71	340		25			819	8,495
27th	320	287	75	183		2			867	6,023
28th										2,370
29th	155	148	33		17	64	255		672	1,926
30th										
31st										
32nd										
33rd										
34th										
35th										
36th										
37th	167	185	48	180		101		177	858	954
TOTALS	9,625	5,171	1,385	4,521	2,254	1,790	255	177	25,178	118,743

Development work amounted to 25,178 feet which compares with 31,626 feet in the previous year. The figures for 1966 include 255 feet of sinking, 177 feet of station cutting and 281 feet of raising and slabbing ore and waste passes in connection with No. 7 shaft. Development work below the sixteenth level was 15,017 feet as compared with 21,189 feet in the previous year. The total of 118,743 feet of core diamond drilling compares with the total of 115,211 feet in 1965.

MINING:

The 712,500 tons of ore milled during the year were produced as follows:

	Tons	Average Grade Dwt. per Ton
From stopes	613,200	5.51
From development	99,300	3.19
	712,500	5.19

The following tabulation is presented to indicate the sections of the mine from which the ore came:

Source of Ore	Tons	Average Grade Dwt. per Ton	
8th level to surface, No. 3 shaft	36,620	4.54	Dev. & Stope Ore
9th level to 16th level, No. 3 shaft	317,135	5.42	Dev. & Stope Ore
Area serviced by No. 6 internal shaft	358,745	5.05	Dev. & Stope Ore
Area serviced by No. 7 internal shaft	Nil	Nil	Development Ore
Total Mine	712,500	5.19	Dev. & Stope Ore
Ore from Ankerite veins (included in the above)	226,826	4.17	Dev. & Stope Ore

ORE RESERVES:

Ore reserves at the close of the year were estimated at 2,211,000 tons with an average grade of 5.44 dwt. as compared with 2,285,000 tons with an average grade of 5.34 dwt. for 1965.

	Tons — 1966	Tons — 1965
Unbroken ore	1,940,000	2,065,000
Broken ore	271,000	220,000
	2,211,000	2,285,000

Ankerite ore comprises 43% of the reserves. This ore is more refractory to the milling process than the normal ore in the mine.

MILL:

Following are the milling results:

Tons of ore treated	712,500 tons
Average tons per day worked	1,985 tons
Average grade of ore treated	5.19 dwt. per ton
Recovery	5.02 dwt. per ton
Recovery percentage	96.85%

CAPITAL EXPENDITURE:

The details of changes in plant buildings and equipment are as follows:

Additions:	
No. 7 shaft equipment	\$ 24,949
Mine equipment	82,189
Reduction equipment	14,240
Surface equipment	26,786
	\$148,164
Less net book value of retirements	19
Net increase	\$148,145

GENERAL:

Inflationary trends increased during the year under review with considerable impact on operations at the mine. In spite of continuing efforts to utilize every means to improve efficiency, there was a substantial rise in operating costs. Total and unit operating costs increased $569,933 and 81¢ per ton respectively, due to higher wage rates, introduction of the 40-hour week, abnormally high labour turnover, shaft sinking and higher prices for all supplies and transportation. Increases in direct labour costs during the year amounted to $242,850 or 34¢ per ton. Operating costs per ounce of gold produced increased $3.10 to $39.39.

The various improvements in mining methods, introduced last year, have proven most successful. The cement-tailings mixture is now in use for all floors in cut-and-fill stopes; pressure tank-trucks deliver cement in bulk to a surface silo from which it is introduced into the underground backfill distribution system. Hydraulic backfill continues to be used to fill empty shrinkage stopes and caved areas in the old parts of the mine in order to stabilize these zones for mining of adjacent ore discovered in recent diamond drill holes; additional fill required for this program is obtained from an old tailings dam on surface, located close to the mill. Shrinkage mining and long-hole drilling methods are used wherever ground conditions warrant and accounted for 15% and 7% respectively of the ore broken in stopes for the year.

From the tabulation on page thirteen it will be noted that development footage decreased and diamond drilling increased over recent years. The decrease in development work was due to a heavy shaft sinking program at No. 7 internal shaft during the first six months of the year and the general shortage of labour which necessitated diversion of some development crews to stoping operations. Commencing in December 1965, No. 7 shaft was extended a total of 405 feet, making available three new levels. Sinking costs amounted to $96,206 or 14¢ per ton. Development work on the 37 or lowest level at 5,084 feet was underway at the end of the year. The results of general development throughout the mine continued to be moderately satisfactory in extending known ore zones and adding new ore to reserves. A peak tonnage of ore was milled while ore reserves declined by 74,000 tons. It will be noted that following the pattern of recent years, there was a slight increase in the average grade of reserves due to further success in extending the "fuchsite vein" both laterally and vertically. This vein has now been opened up at No. 3 shaft between the 6th and 17th levels, a vertical distance of 1,650 feet.

The mill treated 712,500 tons or an average of 1,985 tons per day worked, which is the present capacity of the plant. At various times during the year, quantities of partially oxidized and highly refractory sulphide ore were sent to the mill, which reduced overall recovery 0.45% to 96.85%. An attempt is being made to mix this refractory ore with the normal ore from the mine to obtain optimum recovery. Costs of ore reduction showed an increase of 11¢ per ton for the year. With the improvement in the grade of ore treated, gold recovery increased by 438 ounces while silver recovery decreased by 1,028 ounces resulting in an increase in bullion value of $10,740. The value of production for 1966 at $6,805,509 is the highest during the past 25 years.

One of the greatest current problems facing the mining industry is shortage of labour due to competition from the service and manufacturing industries and continued high level of industrial and construction activity throughout Canada. The industry badly needs more skilled tradesmen and unskilled workers capable of being trained for mining. Experience strongly suggests that requirements are not going to be found in Canada during the present boom conditions and representations continue to be made to the Federal Goverment to change the present restrictive immigration policies. At Dome, labour turnover at times during the year was three times normal, mainly among the younger employees with one year or less service. This high turnover necessitated a further expansion of our on-the-job training program for miners in co-operation with the Ontario Department of Labour.

The mining and mineral industry is an expansive and dynamic force in our National Economy. Each mine plays an important part, not only nationally but even more specifically with regard to the people who live in the community in which the individual operation is located. On the following page, we have again included a summary of this Company's expenditures and location of purchases.

In conclusion, it gives me much pleasure to record my sincere appreciation for the support and untiring efforts of the heads of departments and staff, and for the continued loyal service of all employees. I acknowledge also the support and helpful counsel of the Chairman of the Board, the President and the Directors

Respectfully submitted,

CHARLES P. GIRDWOOD, General Manager.

South Porcupine, Ontario,
February 20, 1967.

Dome Mines Limited

Total amount of wages and salaries	$4,435,552
Total supplies and services (excluding employee benefits)	2,581,083
Income taxes	285,000
Other taxes (Provincial and Municipal)	94,697
Workmen's Compensation Board of Ontario Assessments	317,811
Unemployment Insurance	37,759
Cost of Dome Pension Plan, Canada Pension Plan, Group Life Insurance, Sick Pay, Medical Plan and other employee benefits	225,545

Principal Cities and Towns in Canada which Benefit

Acton
Agincourt
Ajax
Amos

Balmertown
Belleville
Beloeil
Bourlamaque
Bowmanville
Brampton
Brantford
Burlington

Calgary
Clarkson
Cobalt
Cooksville
Copper Cliff
Cornwall

Dawson City
Don Mills
Dorval
Downsview
Dundas
Dunnville

Edmonton
Elliot Lake

Farnham
Fort Erie
Fort St. James

Galt
Guelph

Haileybury
Halifax
Hamilton
Hull

Islington

Joliette

Kenora
Kingston
Kirkland Lake
Kitchener

Lachine
Lachute
LaSalle
Leaside
London

Malton
Maple
Markham
Matagami
Mimico
Montreal

New Liskeard
Newmarket
New Westminster
Niagara Falls
Nobel
Noranda
North Bay

Oakville
Orillia
Oshawa
Ottawa
Owen Sound

Pamour
Peterborough
Pickering
Plessisville
Pointe Claire
Porcupine
Port Carling
Port Credit
Port Elgin
Port Hope
Preston
Prince George

Quebec

Red Lake
Regina
Rexdale
Richmond Hill
Rouyn
Roxboro

St. Catharines
St. Johns
St. Thomas
Sarnia
Sault Ste. Marie
Scarborough
Schumacher
Senneterre
Shawinigan
Sherbrooke
Sioux Lookout
South Porcupine
Stoney Creek
Sudbury
Sunny Brae
Swastika

Temagami
Thornbury
Timmins
Toronto

Val d'Or
Vancouver
Victoria

Walkerville
Waterloo
Weston
Willowdale
Winnipeg

Number of Communities, Companies and Individuals through whom Supplies and Services are Purchased

	Communities	Companies and Individuals
Alberta	2	3
British Columbia	5	19
Manitoba	1	5
Nova Scotia	2	3
Ontario	76	464
Quebec	23	74
Saskatchewan	1	2
Yukon	1	1
United States of America	15	17
Great Britain	2	2
	128	590

Dome Exploration (Canada) Limited

(Incorporated under the laws of Canada)

REPORT OF THE PRESIDENT

Toronto, Ontario,
February 23, 1967.

To the Chairman of the Board and Directors of
Dome Mines Limited:

During 1966, seventy-five properties and exploration proposals were brought to the attention of your Company. Nine properties were examined and, of these nine, subsequent work programs were carried out on four.

As approved at the Annual Meeting of Dome Mines Limited in April 1959, all new exploration ventures entered into for a period of five years after January 1st, 1959, and thereafter on a yearly basis, are shared with the subsidiary companies, Campbell Red Lake Mines Limited, and Sigma Mines (Quebec) Limited. In the following notes the various exploration endeavours will be designated as "joint" to signify the subsidiaries' participation.

QUEBEC:

In participation with others, your Company took an option on the Bounty Exploration Limited property, adjoining East Sullivan Mines in Bourlamaque Township. A program involving 22.5 miles of induced polarization surveys together with other supporting geophysical methods, found one anomaly which when drilled proved to contain barren sulphides. This was a "joint" venture.

On the property of Kusten Mines Limited, in the Mattagami area, and in which Dome owns a 25% interest, an exploration program was completed during the year. Thirty-one line-miles of deeply penetrating electro-magnetic survey, followed by 3,085 feet of diamond drilling, failed to disclose economic mineralization. This is a "joint" venture.

Participating with others, your Company acquired by staking, a property in Bourlamaque Township in which a detailed geophysical survey failed to indicate an anomaly worth drilling. This was a "joint" venture.

As a result of the prospecting program carried out in 1965, two properties were staked and investigated in 1966. Surface prospecting, and on one property geophysics and diamond drilling, failed to disclose economic mineralization. This was a "joint" venture.

A prospecting party equipped with geophysical instruments worked throughout the summer on open ground and on ground staked by ourselves; another group was staked at the end of the season which will be investigated in the coming year. This is a "joint" venture.

ONTARIO:

A prospecting party was maintained throughout the field season. As a result of this prospecting venture, a group of eighteen claims was staked to cover a new gold occurrence found at the end of the prospecting season. This is a "joint" venture.

On the Bamaji Lake claims, optioned in 1965, an extensive program of surface trenching was carried out to explore the gold-silver showings. As a result of the trenching and sampling program, it was decided to allow the option to lapse. This was a "joint" venture.

As a result of our 1965 prospecting program, a fifty-seven claim property had been staked to cover a portion of a granite intrusive mineralized with narrow molybdenum-bearing quartz veins. This property is known as the Mennin Lake property. An extensive program of surface trenching was carried out and a geochemical soil sampling program was undertaken in an attempt to outline molybdenum-rich areas beneath the overburden.

As a result of the trenching, sampling and geochemistry, a program of diamond drilling was laid out to test a selected portion of the property. This program involved the drilling of three holes for a footage of 1,710 feet. Fairly wide-spread but extremely low-grade molybdenite mineralization was revealed in these drill holes. None of the material intersected is of ore grade over mining width. This is a "joint" venture.

An airborne geophysical project in Northwestern Ontario led to the staking of 158 claims which received preliminary ground geophysical investigation. Diamond drilling will be carried out during the coming year. This is a "joint" venture.

MANITOBA-SASKATCHEWAN:

Your Company owns a 20% interest in an extensive airborne geophysical project covering certain areas in Manitoba and Saskatchewan. Work on this project continues. This is a "joint" venture.

WESTERN CANADA:

In British Columbia and the Yukon Territory your Company participated with various partners in three major programs. In each case these were "joint" ventures.

In the Coranex Project (Dome interest 20%) your Company participated with partners for the second year of a three-year program, in a broad exploration project in Central British Columbia and the Yukon. As a result of an aggressive exploration program, properties covering base-metal mineralization were acquired in various areas.

Your Company managed the Omineca Project (Dome interest 33⅓%) in which it participated with partners in a program of specialized exploration involving a search for mercury in Central British Columbia. This program involved the use of new techniques but it did not succeed in finding economic mineralization.

Your Company participated in a Syndicate involving a major exploration program in the Western portion of the Yukon Territory. Your Company's interest in this project was 16.6%. Properties were acquired as a result of this program and exploration will continue in 1967.

ALASKA:

During 1966, your Company continued its participation to the extent of 25% in a program of wide-spread exploration in Alaska. General prospecting was carried out and more detailed work was undertaken on two copper prospects. On one of these, the Denali Group, a program of bulldozer stripping and diamond drilling was continued during the 1966 field season. Several intersections of good-grade copper mineralization were found but it will require considerably more work to evaluate the various apparently discontinuous surface exposures and drill-hole intersections.

In addition to the Denali Group prospect, preliminary sampling of a low-grade copper occurrence under option to the Syndicate was carried out.

GENERAL:

Various participations were taken in prospecting ventures organized by individual prospectors in Quebec, Ontario, British Columbia and the Northwest Territories.

Yours faithfully,

JAMES B. REDPATH,
President.

SIGMA MINES (QUEBEC) LIMITED

(No Personal Liability)

Report to Shareholders

For the Financial Year Ended December 31

1966

SIGMA MINES (QUEBEC) LIMITED

(No Personal Liability)

(Incorporated under the laws of Quebec)

HEAD OFFICE AND LOCATION OF MINE
Township of Bourlamaque, County of Abitibi, Province of Quebec
(Post Office: Bourlamaque, Quebec, Canada)

ADDRESS OF THE CHAIRMAN OF THE BOARD
42 Wall Street, New York, N.Y. 10005

ADDRESS OF THE PRESIDENT
360 Bay Street, Suite 702, Toronto 1, Ont.

ADDRESS OF THE SECRETARY
36 Toronto Street, Toronto 1, Ont.

REGISTRAR AND TRANSFER AGENT
Canada Permanent Trust Company
253 Bay Street, Toronto, and 600 Dorchester Blvd. West, Montreal 2

DIRECTORS

Clifford W. Michel	New York, N.Y.
Hector Authier	Montreal, Que.
Louis Brochu	Montreal, Que.
James B. Redpath	Toronto, Ont.
Bryce R. MacKenzie	Toronto, Ont.
Fraser M. Fell	Toronto, Ont.
Kenneth D. Watson	Pacific Palisades, Calif.

OFFICERS

Chairman of the Board	Clifford W. Michel
President	James B. Redpath
Secretary	Bryce R. MacKenzie
Assistant Secretary	Fraser M. Fell
General Manager	George E. Peacock
General Superintendent	Gordon Michaelson

AUDITORS
Clarkson, Gordon & Co., Toronto 1, Ontario

GENERAL COUNSEL
Fasken, Calvin, MacKenzie, Williston & Swackhamer
36 Toronto Street, Toronto 1, Ontario

COMPARATIVE SUMMARY

	1966	1965
Tonnage Milled	448,950	431,638
Ounces Gold Produced	79,277	77,347
Average Price of Gold per ounce	$37.71	$37.73
Value of Bullion	$3,009,060	$2,937,399
Operating Costs	$2,811,043	$2,651,149
Net Income	$ 437,771	$ 440,819
Net Income per share	$0.44	$0.44
Current Assets	$2,943,005	$2,727,739
Current Liabilities	$ 468,153	$ 461,773
Working Capital	$2,474,852	$2,265,966
Number of Shareholders — December 31	733	929
Dividends Declared	$ 300,000	$ 300,000
Dividends declared per share	$0.30	$0.30
Shares Issued	1,000,000	1,000,000

REPORT OF THE DIRECTORS

of

Sigma Mines (Quebec) Limited

(No Personal Liability)

(For the Financial Year Ended December 31, 1966)

Toronto, Ontario,
February 23, 1967.

To the Shareholders of
Sigma Mines (Quebec) Limited:

Your Directors herewith submit the Company's Balance Sheet and Statements of Income and Earned Surplus together with a Statement of Source and Application of Funds, all certified by the Auditors of the Company, and the Report of the General Manager, covering the financial year ended December 31, 1966.

The gross production for 1966 was 79,277 ounces of gold as compared with 77,347 ounces for 1965.

The operating profit before deducting depreciation, tax under the Quebec Mining Act, outside exploration expenses and provision for income taxes was $707,517. The non-operating revenue amounted to $113,644. These combined gave a total of $821,161. Depreciation amounted to $173,101. Outside exploration expenses amounted to $33,289 leaving profits of $614,771 before Federal and Provincial taxes. After providing $177,000 for such taxes, the net income amounted to $437,771 as compared with $440,819 a year ago. Dividends totalling $300,000 were declared during the year.

Having regard to the greatly accelerated pace of inflation in Canada and as yet no government decision as to the conditions under which the Emergency Gold Mining Assistance Act will be renewed when it expires at the end of 1967, the Board of Directors decided that the prudent course would be to write down to $1.00 the book value of the mining claims and properties. The amounts at which these claims and properties were previously carried on the books aggregated $461,500, of which $400,000 has been standing on the books since production was started in 1937 and from which there has been no deduction made for ores mined.

Ore reserves stand at 1,347,990 tons, a slight decrease from the preceding year.

Production for the year was sold to the Royal Canadian Mint at an average price of $37.71 and on this production an additional $6.43 per ounce was received under the Emergency Gold Mining Assistance Act. Thus, the return for the year, including Emergency Gold Mining Assistance benefits, was $44.14 per ounce as compared with $43.58 in 1965.

The total cost of operation increased by approximately 5% due to higher tonnage treated, the implementation of the forty-hour week on February 1, 1966 and a general wage increase effective the same date.

Development of the lower levels served by No. 3 Shaft, while far from complete, is sufficiently advanced to suggest that these levels will not be as productive as the upper levels of the mine. Consequently, maintenance of ore reserves will become increasingly more difficult in the years ahead.

The costs of material and especially labour continued to increase at an alarming rate. Production costs will undoubtedly show a sharp increase in 1967 due to these factors. The Emergency Gold Mining Assistance Act continues to assist in alleviating these conditions. However, an upward revision of the rate of assistance seems necessary in order that the gold mining industry may continue to operate and maintain an efficient labour force in a highly competitive labour market.

In September a great loss was suffered by your Company in the death of the General Manager, Mr. Frank J. O'Connell. His association with Sigma started with his appointment as General Superintendent in 1946. Subsequently, he became Assistant General Manager and then General Manager in 1953 and was elected to the Board of Directors in 1957. His leadership and technical ability will be greatly missed.

Mr. George E. Peacock, who has been associated with the Company for the last thirteen years, latterly as Assistant General Manager, has been appointed General Manager and Mr. Gordon Michaelson, formerly Chief Engineer, has been appointed General Superintendent.

The Company continued to participate to the extent of 10% with Dome Mines Limited in a number of prospecting ventures, details of which appear on page thirteen of this report.

With regard to our product, gold, the following paragraph is quoted from the annual report of the parent company, Dome Mines Limited:

"In the past year, the free world produced approximately $1,500 million of gold, valued at U.S. $35 per ounce. For the first time in recent history, none of this found its way into the aggregate reserves of the central banks of the western world; in effect, it ended up in private hoards, or was consumed by industry and the arts. The International Monetary Fund has yet to devise a substitute reserve unit for gold, and its task, which it must solve, if a growing world trade is to be maintained, is necessarily difficult. As a leading New York bank, in its annual gold review said, among other things: 'The power to create international money is, in the final analysis, the power to take tangible goods from some countries and give them to others. Such power will, of necessity, have to be circumscribed both in amounts and in time — something that, in the view of many leading nations, can most efficiently be done by retaining gold as the inner circle of the monetary universe'."

Your Directors take pleasure in expressing their appreciation of the efficient services rendered during the year by the management and operating staff and for the continued loyal service which all employees render to the Company.

Respectfully submitted,

On behalf of the Board,

CLIFFORD W. MICHEL,
Chairman.

JAMES B. REDPATH,
President.

SIGMA MINES (C

(No Persona

(Incorporated unde

BALANCE SHEET

(with comparative figure

ASSETS

	1966	1965
Current Assets:		
Cash, including bank term deposits	$ 247,232	$ 447,472
Bullion on hand and in transit, at net realizable value	162,002	98,015
Short term commercial paper, at cost	962,079	886,218
Government and government guaranteed bonds, at cost (quoted market value 1966 — $1,266,275; 1965 — $1,045,425)	1,312,005	1,089,810
Accounts receivable (including accrued interest and estimated amount receivable under the Emergency Gold Mining Assistance Act)	259,687	206,224
	2,943,005	2,727,739
Capital Assets:		
Buildings, machinery and equipment, at cost	4,208,826	4,169,444
Less accumulated depreciation	3,835,496	3,666,835
	373,330	502,609
Mining claims and properties, at nominal value (note)	1	461,500
Leasehold properties, at cost	21,500	21,500
	394,831	985,609
Other Assets:		
Mining and milling supplies, at cost	417,112	408,165
Prepaid expenses	16,072	7,555
Special 5% refundable tax	20,700	
	453,884	415,720
	$3,791,720	$4,129,068

Note: The Company's mining claims and properties were written down to

AUDITOR

To the Shareholders of
Sigma Mines (Quebec) Limited:

We have examined the balance sheet of Sigma Mines (Quebec) Limited at December 31, 1966 and the related statements of income, earned surplus and source and application of funds for the year then ended and have obtained all the information and explanations we have required. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

JEBEC) LIMITED

ability)

e laws of Quebec)

DECEMBER 31, 1966

December 31, 1965)

LIABILITIES

	1966	1965
Current Liabilities:		
Salaries and wages payable	$ 113,038	$ 107,896
Accounts payable	112,429	77,804
Accrued charges	38,674	38,853
Accrued taxes	54,012	87,220
Dividends payable	150,000	150,000
	468,153	461,773
Deferred Income Taxes	45,000	65,000
Capital and surplus:		
Capital authorized and issued —		
1,000,000 shares of $1 par value	1,000,000	1,000,000
Earned surplus	2,278,567	2,602,295
	3,278,567	3,602,295
	$3,791,720	$4,129,068

On behalf of the Board:

J. B. REDPATH, Director.

B. R. MacKENZIE, Director.

minal value during 1966 by a charge against earned surplus.

PORT

In our opinion, and according to the best of our information and the explanations given to us and as shown by the books of the company, the accompanying balance sheet and statements of income, earned surplus and source and application of funds present fairly the financial position of Sigma Mines (Quebec) Limited at December 31, 1966, the results of its operations and the source and application of funds for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Canada,
February 3, 1967.

CLARKSON, GORDON & CO.,
Chartered Accountants.

Sigma Mines (Quebec) Limited

(No Personal Liability)

STATEMENT OF INCOME
FOR THE YEAR ENDED DECEMBER 31, 1966
(with comparative figures for the year 1965)

	1966	1965
Revenue:		
Bullion	$3,009,060	$2,937,399
Expenditures:		
Development (including expenditures on shaft sinking in 1965 of $42,088)	624,338	617,314
Mining	1,488,596	1,365,580
Reduction	450,902	441,586
Refining and marketing	20,701	20,011
General and administrative	192,643	174,266
Taxes other than income	33,863	32,392
	2,811,043	2,651,149
Less credit under the Emergency Gold Mining Assistance Act	509,500	452,400
	2,301,543	2,198,749
	707,517	738,650
Deduct:		
Provision for depreciation	173,101	208,920
Provision for tax under the Quebec Mining Duties Act	34,500	22,800
Outside exploration expenses	33,289	23,063
	240,890	254,783
Operating profit	466,627	483,867
Add interest earned, etc.	113,644	103,452
Income before provision for income taxes	580,271	587,319
Provision for income taxes	142,500	146,500
Net income for the year	$ 437,771	$ 440,819

STATEMENT OF EARNED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 1966
(with comparative figures for the year 1965)

	1966	1965
Balance January 1	$2,602,295	$2,461,476
Add net income for the year	437,771	440,819
	3,040,066	2,902,295
Deduct:		
Dividends declared — 30¢ per share	300,000	300,000
Write-down of mining claims and properties to a nominal value (note)	461,499	
	761,499	300,000
Balance December 31	$2,278,567	$2,602,295

(See accompanying note on the balance sheet)

Sigma Mines (Quebec) Limited

(No Personal Liability)

STATEMENT OF SOURCE AND APPLICATION OF FUNDS FOR THE YEAR ENDED DECEMBER 31, 1966

(with comparative figures for the year 1965)

	1966	1965
Source of funds:		
Net income for year	$ 437,771	$ 440,819
Depreciation	173,101	208,920
Decrease in deferred income taxes	(20,000)	(31,000)
Total	590,872	618,739
Application of funds:		
Dividends	300,000	300,000
Expenditures on capital assets (net)	43,822	153,730
Increase (decrease) in other assets	38,164	(22,988)
Total	381,986	430,742
Net increase in working capital for year	208,886	187,997
Working capital, January 1	2,265,966	2,077,969
Working capital, December 31	$2,474,852	$2,265,966

REPORT OF THE GENERAL MANAGER

To the Chairman of the Board, President and Directors:

The following report covering the operations of your Company during the year 1966 is submitted for your consideration.

During the year 497,434 tons of rock were hoisted, of which 448,950 tons were ore which was treated in the mill and 48,484 tons were waste.

The 448,950 tons of ore milled yielded bullion containing 79,277 ounces of gold, the average yield being 0.1766 ounces or 3.53 pennyweights per ton. All grades of ore will be expressed in pennyweights (dwt.) throughout this report. One pennyweight equals one-twentieth (1/20th) of an ounce Troy weight. The price paid by the Royal Canadian Mint is based on $35.00 per ounce United States funds and settlements are made in equivalent Canadian funds at current exchange rates. The average price received for gold was $37.71 per ounce compared with $37.73 per ounce for the previous year.

MINING:

Broken ore totalling 320,990 tons remains in the stopes and in drifts as a result of stope preparation, a decrease of 133,310 tons from the previous year.

In all 421,510 tons of a grade of 3.76 dwt. were drawn from the stopes and were sent to the mill. This represents an increase of 14,940 tons from the previous year.

Waste rock produced amounted to 51,615 tons of which 3,131 tons were dumped directly into empty stopes, and 48,484 tons were hoisted to surface. Waste backfill returned through raises from surface amounted to 17,948 tons and 118,423 tons of hydraulic backfill were piped underground.

The main stoping operations were between the 24th level and the 10th level; 28.8 per cent of production came from cut-and-fill stopes.

DEVELOPMENT:

A total of 16,726 feet of development work was done during the year. The greater part of this work was distributed between the 11th and 36th levels.

Development of the new levels served by No. 3 Internal Shaft was continued during the year. Some ore was developed; but to date ore lengths are generally short and values erratic.

Diamond Drilling totalling 77,839 feet was done underground in search for new ore and as a guide to mining. In addition 1,720 feet of surface diamond drilling was done which disclosed nothing of economic interest.

To provide hydraulic backfill for cut-and-fill mining in the No. 3 Shaft area, three inch diamond drill holes were drilled between levels to extend the hydraulic backfill line between the 23rd and 30th levels.

The following table shows the details of development and diamond drilling completed during the year:

SUMMARY OF DEVELOPMENT FOOTAGE BY LEVELS FOR YEAR 1966

Level	Drifts	Crosscuts	Raises	Slash	Total	Diamond Drilling
Surface	----	----	-	-	-	1,720
6th	----	----	----	----	----	285
9th	----	----	147	13	160	2,766
10th	----	----	----	----	----	3,809
11th	1,102	----	----	53	1,155	1,512
12th	341	----	----	11	352	2,188
13th	332	58	----	18	408	3,194
14th	297	----	----	16	313	714
15th	54	155	----	36	245	3,962
16th	----	----	----	----	----	1,525
17th	----	----	164	15	179	982
18th	42	----	----	7	49	908
19th	231	242	188	61	722	12,935
20th	148	9	186	7	350	3,389
21st	110	----	----	10	120	6,283
22nd	--	--	----	--	----	----
23rd	372	46	452	51	921	2,084
24th	34	75	----	11	120	2,387
25th	164	113	583	41	901	----
26th	256	----	173	23	452	2,524
27th	33	----	355	12	400	10,549
28th	65	37	243	26	371	2,863
29th	830	34	417	96	1,377	2,380
30th	1,085	----	----	49	1,134	2,908
31st	804	271	36	43	1,154	1,605
32nd	162	186	152	20	520	----
33rd	628	68	179	30	905	1,161
34th	731	494	----	49	1,274	3,339
35th	985	422	121	56	1,584	----
36th	1,211	292	----	57	1,560	1,587
Totals	10,017	2,502	3,396	811	16,726	79,559

ORE PRODUCTION:

The mine produced 448,950 tons of ore during the year which averaged 3.69 dwt. The stopes produced 421,510 tons averaging 3.76 dwt. and the development work produced 27,440 tons averaging 2.56 dwt.

ORE RESERVES:

The ore reserves are estimated at 1,347,990 tons, a decrease of 21,910 tons from last year. The reserves include 320,990 tons of broken ore.

A summary of the distribution of ore in place, broken ore and total ore mined to the end of 1966 is as follows:

SUMMARY OF ORE RESERVES AND EXTRACTION BY LEVELS

	Tons Ore In Place	Average Grade (Dwt. per ton)	Tons Broken Ore	Total Tons Ore Extracted From Stopes to End of 1966
Surface to 1st Level	5,000	8.11	--------	30,918
1st Level to 2nd Level	--------	--------	--------	493,191
2nd Level to 3rd Level	--------	--------	--------	1,021,610
3rd Level to 4th Level	--------	--------	--------	963,214
4th Level to 5th Level	--------	--------	--------	813,543
5th Level to 6th Level	--------	--------	--------	790,696
6th Level to 7th Level	--------	--------	--------	737,190
7th Level to 8th Level	2,000	4.38	6,160	828,669
8th Level to 9th Level	--------	--------	17,880	675,306
9th Level to 10th Level	16,700	4.05	27,990	376,583
10th Level to 11th Level	15,000	4.31	18,300	366,126
11th Level to 12th Level	39,800	3.62	107,090	422,890
12th Level to 13th Level	29,300	4.42	44,450	307,265
13th Level to 14th Level	73,600	5.08	28,320	187,164
14th Level to 15th Level	60,400	5.33	5,300	197,051
15th Level to 16th Level	5,600	3.56	9,680	457,352
16th Level to 17th Level	26,300	3.94	7,290	407,003
17th Level to 18th Level	132,600	4.65	15,920	251,867
18th Level to 19th Level	96,400	4.09	640	38,542
19th Level to 20th Level	25,700	3.71	12,400	134,597
20th Level to 21st Level	51,000	4.48	--------	6,121
21st Level to 22nd Level	74,300	4.67	16,590	83,633
22nd Level to 23rd Level	88,100	4.57	1,670	157,124
23rd Level to 24th Level	22,700	4.33	1,020	217,314
24th Level to 25th Level	32,000	4.59	--------	--------
25th Level to 26th Level	23,100	4.44	--------	--------
26th Level to 27th Level	42,300	4.06	--------	--------
27th Level to 28th Level	35,600	4.26	--------	--------
28th Level to 29th Level	47,000	4.76	--------	--------
29th Level to 30th Level	27,200	4.44	290	427
30th Level to 31st Level	19,800	4.49	--------	--------
31st Level to 32nd Level	7,900	4.00	--------	--------
32nd Level to 33rd Level	8,500	3.87	--------	--------
33rd Level to 34th Level	4,000	4.07	--------	--------
34th Level to 35th Level	3,000	3.63	--------	--------
35th Level to 36th Level	12,100	4.10	--------	--------
	1,027,000	4.48	320,990	9,965,396

MILL:

The following are the results of milling operations for the year 1966:

Average daily tons milled	1,230
Tons of ore treated	448,950
Average grade of ore treated	3.69 dwt. per ton
Recovery	3.53 dwt. per ton
Recovery percentage	95.82%

COSTS:

The expenditure on mining was $1,488,596 or $3.32 per ton milled.

The expenditure on development was $624,338 or $1.39 per ton milled.

The operating costs including Mint handling charges were $6.26 per ton milled, as compared with $6.14 for the previous year.

CAPITAL EXPENDITURES:

Net capital expenditures for the year totalled $43,822. The main expenditures were for slusher hoists, mechanical loaders and a locomotive for underground; spare parts and stand-by equipment for the mill; the purchase of a jeep and alterations to surface change house.

The details of changes in the plant and equipment are as follows:

Additions:	
Mine equipment	$ 20,757
Reduction equipment	18,949
Surface equipment	8,844
	$ 48,550
Less net book value of retirements	4,728
Net increase	$ 43,822

GAMMA MINES (QUEBEC) LIMITED:

This property was optioned to Sigma in December, 1939. The option is still in force. Development work and diamond drilling completed during the year is shown in detail as follows:

DEVELOPMENT:

	Year	Total to Date
Drifts	148.0	1,275.0
Crosscuts	—	438.0
Raises	—	333.0
Slash	—	213.6
Diamond Drill Stations	—	8.0
	148.0	2,267.6

DIAMOND DRILLING:

	Year	Total to Date
Surface	—	33,531.0
Underground	1,314.0	17,292.5
	1,314.0	50,823.5

The 1682 West Drift was extended for a distance of 50 feet in the Gamma Property following a porphyry dyke with associated quartz stringers. This advance showed only scattered values which would average below ore grade.

The 2082 West Drift was extended for a distance of 98 feet in the Gamma Property following a porphyry dyke with associated quartz stringers. This advance and subsequent diamond drilling of the dyke indicated several narrow intersections which would average near ore grade.

EXPLORATION:

Through joint participation in the exploration program of the parent company, Dome Mines Limited, your Company continued its 10% interest in the following:

Quebec:

A participation with others, in an option on the Bounty Exploration Limited property, adjoining East Sullivan Mines in Bourlamaque Township, involving 22.5 miles of induced polarization surveys and other supporting geophysical methods, found one anomaly, which when drilled, proved to contain barren sulphides.

A participation with others in an exploration program on the property of Kusten Mines Limited, in the Mattagami area which was completed during the year. Thirty-one line-miles of deeply penetrating electro-magnetic survey, followed by 3085 feet of diamond drilling, failed to disclose economic mineralization.

A participation with others, in staking a property in Bourlamaque Township on which a detailed geophysical survey failed to indicate an anomaly worth drilling.

The investigation of two properties staked in 1965, failed to disclose economic mineralization.

A participation in a prospecting party equipped with geophysical instruments, worked throughout the summer on open ground and on ground which was held by staking; another group was staked at the end of the season and will be investigated in the coming year.

Ontario:

A participation in a prospecting party which staked a group of eighteen claims to cover a new gold occurrence which was found at the end of the prospecting season.

A participation in the option on the Bamaji Lake claims, on which an extensive program of surface trenching was carried out to explore the gold-silver showings. As a result of the trenching and sampling program, it was decided to allow the option to lapse.

As a result of 1965 prospecting, a fifty-seven claim property had been staked to cover a portion of a granite intrusive mineralized with narrow molybdenum-bearing quartz veins. This property is known as the Mennin Lake property. An extensive program of surface trenching was carried out and a geochemical soil sampling program was undertaken in an attempt to outline molybdenum-rich areas beneath the overburden. As a result of the trenching, sampling and geochemistry, a program of diamond drilling was laid out to test a selected portion of the property. This program involved the drilling of three holes for a footage of 1710 feet. Fairly wide-spread but extremely low-grade molybdenite mineralization was revealed in these drill holes. None of the material intersected is of ore grade over mining width.

A participation in an airborne geophysical project in Northwestern Ontario led to the staking of 158 claims which received preliminary ground geophysical investigation. Diamond drilling will be carried out during the coming year.

Manitoba-Saskatchewan:

A participation in an extensive airborne geophysical project covering certain areas in Manitoba and Saskatchewan continues.

Western Canada:

In British Columbia and the Yukon Territory your Company continued participation with others in three major programs:

The Coranex Project is a broad exploration program in Central British Columbia and the Yukon. As a result of an aggressive exploration program, properties covering base-metal mineralization were acquired in various areas.

The Omineca Project involved a search for mercury in Central British Columbia. This program used new techniques but it did not succeed in finding economic mineralization.

A Syndicate involving a major exploration program in the western portion of the Yukon Territory in which properties were acquired and exploration will continue in 1967.

General:

Various participations in prospecting ventures organized by individual prospectors in Quebec, Ontario, British Columbia and the Northwest Territories.

GENERAL:

The introduction of the forty-hour week, plus a general wage increase of three cents per hour on February 1st, 1966 are reflected in the increased operating costs.

Shortage of men available for underground resulted in a greater loss of broken ore reserves than would be normal under the scheduled change to cut-and-fill mining. This condition should be corrected somewhat in the ensuing year, despite the fact that labour turnover continues at a higher than normal rate.

In conclusion, my sincere thanks and appreciation are extended to Mr. Gordon Michaelson, General Superintendent, to the heads of the various departments and to all members of the operating staff for their efficiency and loyalty.

Yours faithfully,

GEORGE E. PEACOCK,
General Manager.

Bourlamaque, Quebec,
February 20, 1967.

CAMPBELL RED LAKE MINES LIMITED

Report to Shareholders

For the Financial Year Ended December 31

1966

CAMPBELL RED LAKE MINES LIMITED

(Incorporated under the laws of Ontario)

LOCATION OF MINE

Township of Balmer, Red Lake Mining Division, Province of Ontario
(Post Office: Balmertown, Ontario, Canada)

ADDRESS OF THE CHAIRMAN OF THE BOARD

42 Wall Street, New York, N.Y. 10005.

HEAD OFFICE AND ADDRESS OF THE PRESIDENT

360 Bay Street, Suite 702, Toronto 1, Ont.

ADDRESS OF THE SECRETARY

36 Toronto Street, Toronto 1, Ont.

REGISTRARS

Canada Permanent Trust Company
253 Bay Street, Toronto 1, Ont.
Bankers Trust Company, 16 Wall Street, New York, N.Y. 10015.

TRANSFER AGENTS

The Sterling Trusts Corporation, 372 Bay Street, Toronto 1, Ont.
The Bank of New York, 20 Broad Street, New York, N.Y. 10005

DIRECTORS

Clifford W. Michel	New York, N.Y.
William F. James	Toronto, Ont.
John K. McCausland	Toronto, Ont.
James B. Redpath	Toronto, Ont.
Bryce R. MacKenzie	Toronto, Ont.

OFFICERS

Chairman of the Board	Clifford W. Michel
President	James B. Redpath
Secretary	Bryce R. MacKenzie
Treasurer	E. J. Andrecheck
General Manager	J. Chisholm
General Superintendent	M. A. Taschereau

AUDITORS

Clarkson, Gordon & Co., Toronto 1, Ontario

GENERAL COUNSEL

Fasken, Calvin, MacKenzie, Williston & Swackhamer
36 Toronto Street, Toronto 1, Ontario

It is recorded here that it is the intention of the present management to solicit proxies. The form of proxy and the proxy statement will accompany the Notice of Annual Meeting which is being mailed to all shareholders.

COMPARATIVE SUMMARY

	1966	1965
Tonnage Milled	257,884	257,406
Ounces Gold Produced	170,359	167,135
Average Price of Gold per ounce	$38.10	$37.98
Value of Bullion	$6,497,504	$6,358,435
Operating Costs	$2,572,429	$2,514,668
Net Income	$2,485,013	$2,442,062
Net Income per share	$0.62	$0.61
Current Assets	$7,210,867	$6,706,510
Current Liabilities	$1,603,551	$1,520,869
Working Capital	$5,607,316	$5,185,641
Number of Shareholders — December 31	4,925	4,661
Dividends Declared	$1,999,750	$1,999,750
Dividends declared per share	$0.50	$0.50
Shares Issued	3,999,500	3,999,500

REPORT OF THE DIRECTORS

of

Campbell Red Lake Mines Limited

(For the Financial Year Ended December 31, 1966)

Toronto, Ontario,
February 22, 1967.

To the Shareholders of
Campbell Red Lake Mines Limited:

Your Directors herewith submit the Company's Balance Sheet and Statements of Income and Earned Surplus together with a Statement of Source and Application of Funds, all certified by the Auditors of the Company and the Report of the General Manager, covering the financial year ended December 31, 1966.

The gross production for 1966 was 170,359 ounces of gold, as compared to 167,135 ounces for 1965.

The operating profit before deducting depreciation, tax under The Mining Tax Act, outside exploration expenses and provision for taxes on income was $3,925,075. The non-operating revenue was $275,562. These combined gave a total of $4,200,637. Depreciation charges, tax under The Mining Tax Act, outside exploration expenses and provision for taxes on income amounted to $1,715,624 leaving net income of $2,485,013 as compared to $2,442,062 a year ago.

Regular quarterly dividends were maintained at 11¼¢ per share, and after considering the maintenance of profits, your Directors authorized an extra dividend of 5¢ per share. Therefore, the total dividends declared amounted to $1,999,750 or 50¢ per share.

The tonnage milled during 1966 totalled 257,884 tons which represents an average milling rate of 706 tons per day. The yield per ton was 13.21 dwt. as compared with 12.99 dwt. in 1965.

Ore reserves showed an increase to 1,238,800 tons, with the ore in place showing a grade of 13.79 dwt. Development results continued to be satisfactory and are covered in detail in the General Manager's Report.

No benefits were received under the Emergency Gold Mining Assistance Act as the cost per ounce of gold produced was lower than the amount required to qualify under the Act. As your Company was not eligible for such benefits, it was possible to offer gold to markets other than the Royal Canadian Mint. The average price received on all production was $38.10 Canadian per ounce.

Taxes under the Federal Income Tax Act, the Provincial Corporations Tax Act and the Ontario Mining Tax Act total $1,485,000.

The Company continued to participate to the extent of 30% with Dome Mines Limited in a number of prospecting ventures, details of which appear on page twelve of this report.

Throughout the year under review there was a shortage of experienced underground and surface employees as competition from other branches of heavy industry competed for available men. Unless there is a levelling out in the construction and other heavy industries or additional men become available through immigration, it will be difficult to keep operations at a normal balance of production, development and maintenance. Also the accelerated rate of inflation cannot help but have an unfavourable effect upon costs.

With regard to our product, gold, the following paragraph is quoted from the annual report of the parent company, Dome Mines Limited:

"In the past year, the free world produced approximately $1,500 million of gold, valued at U.S. $35 per ounce. For the first time in recent history, none of this found its way into the aggregate reserves of the central banks of the western world; in effect, it ended up in private hoards, or was consumed by industry and the arts. The International Monetary Fund has yet to devise a substitute reserve unit for gold, and its task, which it must solve, if a growing world trade is to be maintained, is necessarily difficult. As a leading New York bank, in its annual gold review said, among other things: 'The power to create international money is, in the final analysis, the power to take tangible goods from some countries and give them to others. Such power will, of necessity, have to be circumscribed both in amounts and in time — something that, in the view of many leading nations, can most efficiently be done by retaining gold as the inner circle of the monetary universe'."

Your Directors again wish to record their appreciation to the management and operating staff for the continued loyal service which all employees rendered to the Company.

Respectfully submitted,

On behalf of the Board,

CLIFFORD W. MICHEL,
Chairman.

JAMES B. REDPATH,
President.

CAMPBELL RED LA

(Incorporated under

BALANCE SHEET,

(with comparative figures

ASSETS

	1966	1965
Current Assets:		
Cash, including bank term deposits	$ 797,723	$ 743,351
Bullion on hand and in transit, at net realizable value	802,105	1,173,510
Short term commercial paper, at cost	2,508,820	2,300,601
Government and government guaranteed short term bonds, at cost (market value 1966 — $2,960,055; 1965 — $2,385,404)	2,936,897	2,373,322
Accounts receivable (including accrued interest)	165,322	115,726
	7,210,867	6,706,510
Capital Assets:		
Buildings, machinery and equipment, at cost	6,512,510	6,416,094
Less accumulated depreciation	5,934,455	5,808,472
	578,055	607,622
Mining claims and properties — acquired for 1,277,500 shares issued at (No deduction has been made for ores mined)	197,500	197,500
Townsite land, at cost	114,066	114,066
	889,621	919,188
Other Assets:		
Sundry investments —		
Local school and municipal debentures, at cost	29,000	36,000
Shares of other mining companies, at cost less amounts written off	1	1
	29,001	36,001
Mining and milling supplies, at cost	584,291	588,903
Deposits and prepaid expenses	35,461	24,566
Non-current accounts receivable	247,952	243,951
Special 5% refundable tax	89,871	
	986,576	893,421
	$9,087,064	$8,519,119

AUDITORS'

To the Shareholders of
Campbell Red Lake Mines Limited:

We have examined the balance sheet of Campbell Red Lake Mines Limited at December 31, 1966 and the related statements of income, earned surplus and source and application of funds for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

E MINES LIMITED

laws of Ontario)

ECEMBER 31, 1966

December 31, 1965)

LIABILITIES

	1966	1965
Current Liabilities:		
Salaries and wages payable	$ 66,661	$ 62,390
Accounts payable	132,290	101,662
Accrued charges	32,023	29,255
Accrued taxes	722,658	677,643
Dividends payable	649,919	649,919
	1,603,551	1,520,869
Deferred Income Taxes	53,000	53,000
Capital and Surplus:		
Capital —		
Authorized:		
4,000,000 shares of $1 each		
Issued:		
3,999,500 shares	3,999,500	3,999,500
Discount (net) on shares issued	2,378,905	2,378,905
	1,620,595	1,620,595
Earned surplus	5,809,918	5,324,655
	7,430,513	6,945,250
	$9,087,064	$8,519,119

On behalf of the Board:

J. B. REDPATH, Director.

B. R. MacKENZIE, Director.

ORT

In our opinion the aforementioned financial statements present fairly the financial position of Campbell Red Lake Mines Limited at December 31, 1966, the results of its operations and the source and application of funds for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Canada,
February 3, 1967.

CLARKSON, GORDON & CO.,
Chartered Accountants.

STATEMENT OF INCOME

FOR THE YEAR ENDED DECEMBER 31, 1966
(with comparative figures for the year 1965)

	1966	1965
Revenue:		
Bullion	$6,497,504	$6,358,435
Expenditures:		
Development	538,082	630,953
Mining	933,686	900,980
Reduction	708,567	609,532
Refining and marketing	51,324	55,968
General and administrative	311,335	291,355
Taxes other than income	29,435	25,880
	2,572,429	2,514,668
	3,925,075	3,843,767
Deduct:		
Provision for depreciation	158,751	156,310
Provision for tax under The Mining Tax Act	305,000	299,000
Outside exploration expenses	71,873	50,751
	535,624	506,061
Operating profit	3,389,451	3,337,706
Add interest earned, etc.	275,562	254,356
Income before provision for income taxes	3,665,013	3,592,062
Provision for income taxes	1,180,000	1,150,000
Net income for the year	$2,485,013	$2,442,062

Notes:

(1) The company received no credits during the year under the Emergency Gold Mining Assistance Act.

(2) Directors' fees paid in 1966 totalled $2,000.

STATEMENT OF EARNED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 1966
(with comparative figures for the year 1965)

	1966	1965
Balance, January 1	$5,324,655	$4,882,343
Add net income for the year	2,485,013	2,442,062
	7,809,668	7,324,405
Deduct dividends declared of 50¢ per share comprising four quarterly dividends of 11¼¢ each and an extra dividend of 5¢	1,999,750	1,999,750
Balance, December 31	$5,809,918	$5,324,655

STATEMENT OF SOURCE AND APPLICATION OF FUNDS
FOR THE YEAR ENDED DECEMBER 31, 1966
(with comparative figures for the year 1965)

	1966	1965
Source of funds:		
Net income for year	$2,485,013	$2,442,062
Depreciation	158,751	156,310
Increase in deferred income taxes		10,000
Total	2,643,764	2,608,372
Application of funds:		
Dividends	1,999,750	1,999,750
Expenditures on capital assets (net)	129,184	155,705
Increase (decrease) in other assets	93,155	(60,130)
Total	2,222,089	2,095,325
Net increase in working capital for year	421,675	513,047
Working capital, January 1	5,185,641	4,672,594
Working capital, December 31	$5,607,316	$5,185,641

Campbell Red Lake Mines Limited

REPORT OF THE GENERAL MANAGER

To the Chairman of the Board, President and Directors:

The following report covering the operations of your Company during the year 1966 is submitted for your consideration.

During the year 273,504 tons were hoisted, of which 257,884 tons were ore and 15,620 tons were waste.

The 257,884 tons of ore milled yielded bullion containing 170,359 ounces of gold, the average yield being 0.6606 ounces or 13.21 pennyweights per ton. All grades of ore will be expressed in pennyweights (dwt.) throughout this report. One pennyweight equals one-twentieth (1/20th) of an ounce Troy weight. The price paid by the Royal Canadian Mint is based on $35.00 per ounce United States funds and settlements are made in equivalent Canadian funds at the current exchange rates. Free market prices are by direct negotiation between buyer and seller. The price received on all production during the year averaged $38.10 Canadian per ounce.

MINING:

In all 220,091 tons of a grade of 14.25 dwt. were drawn from the stopes and sent to the mill.

Broken ore totalling 170,100 tons remains in the stopes, a decrease of 37,100 tons from the previous year, a decrease normal to the conversion to the cut-and-fill method of mining.

The main stoping operations were above the 11th level or 1600-foot level.

DEVELOPMENT:

The "A" Zone now developed down to the 17th level showed normal ore conditions. The "F-2" Zone is partially developed on the 13th, 14th and 15th levels, and presently showing a length of 600 feet on the 14th level.

SUMMARY OF DEVELOPMENT FOOTAGE BY LEVELS FOR YEAR 1966

Level	Drifts	Crosscuts	Raises	Slabbing	Total	Diamond Drilling
Surface	-------	-------	-------	-------	-------	-------
1st	-------	-------	-------	-------	-------	-------
2nd	-------	-------	-------	-------	-------	-------
3rd	-------	-------	-------	18	18	-------
4th	-------	-------	-------	-------	-------	-------
5th	-------	-------	-------	-------	-------	-------
6th	396	-------	141	16	553	503
7th	-------	-------	416	71	487	605
8th	-------	-------	716	91	807	300
9th	18	-------	185	30	233	1,545
10th	-------	97	342	103	542	74
11th	-------	-------	452	62	514	2,344
12th	193	-------	218	82	493	573
13th	346	-------	-------	39	385	685
14th	261	94	215	45	615	1,031
15th	810	144	8	207	1,169	4,755
16th	1,172	168	669	283	2,292	2,197
17th	1,237	259	157	163	1,816	3,984
18th	332	-------	-------	26	358	3,202
19th	112	-------	-------	6	118	1,113
20th	-------	-------	-------	-------	-------	-------
21st	1,072	-------	-------	69	1,141	6,849
Totals	5,949	762	3,519	1,311	11,541	29,760

Drifting in normal ore conditions continued in the "G" Zone on the 15th and 16th levels. Investigation to date of the complex of veins in the east end of the "L" Zone indicates a satisfactory ore potential. On the 21st level a drive was started towards the northwestern part of the property.

Diamond drilling totalling 29,760 feet was done as a guide to development and mining.

The table on page ten shows details of development and diamond drilling completed during the year.

ORE PRODUCTION:

The mine produced 257,884 tons of ore during the year which averaged 14.26 dwt. The stopes produced 220,091 tons averaging 14.25 dwt. and development work produced 37,793 tons averaging 14.28 dwt.

ORE RESERVES:

The ore reserves are estimated at 1,238,800 tons, an increase of 62,500 tons over last year. The ore reserves include 170,100 tons of broken ore.

A summary of the distribution of ore in place, broken ore and total ore extracted from stopes to the end of 1966 is as follows:

SUMMARY OF ORE RESERVES AND EXTRACTION BY LEVELS

	Tons Ore in Place	Average Grade (dwt. per ton)	Tons Broken Ore	Total Tons Ore Extracted From Stopes to End of 1966
Surface to 1st Level	8,100	12.08	--------	245,845
1st Level to 2nd Level	16,800	12.00	--------	311,888
2nd Level to 3rd Level	26,400	11.48	--------	325,859
3rd Level to 4th Level	27,300	10.00	--------	423,373
4th Level to 5th Level	37,600	11.90	26,600	404,508
5th Level to 6th Level	68,500	15.17	18,100	402,886
6th Level to 7th Level	112,900	13.48	43,100	369,905
7th Level to 8th Level	69,600	11.83	18,300	291,930
8th Level to 9th Level	104,300	14.47	12,100	210,929
9th Level to 10th Level	87,700	16.30	32,100	143,349
10th Level to 11th Level	63,000	12.47	2,300	29,417
11th Level to 12th Level	71,100	11.88	4,600	35,302
12th Level to 13th Level	94,600	14.34	10,300	29,723
13th Level to 14th Level	142,300	15.54	2,600	35,550
14th Level to 15th Level	89,100	14.32	--------	--------
15th Level to 16th Level	23,200	13.86	--------	--------
16th Level to 17th Level	26,200	11.16	--------	--------
	1,068,700	13.79	170,100	3,260,464

Ore In Place	1,068,700
Broken Ore	170,100
	1,238,800

Increase over 1965 is 62,500 tons.

MILL:

The following are the results of milling operations:

Tons of ore treated	257,884 tons
Average tons per calendar day	706 tons
Average grade of ore treated	14.26 dwt. per ton
Recovery	13.21 dwt. per ton
Recovery percentage	92.68%

COSTS:

The expenditure on mining was $933,686 or $3.62 per ton milled.

The expenditure on development was $538,082 or $2.09 per ton milled.

Operating costs (including Mint handling charges) were $9.98 per ton milled.

CAPITAL EXPENDITURES:

Net capital expenditures for the year were $129,184. This amount covered additions to surface and underground plant and equipment. Main items include the installation of the underground crusher on the 20th Level, general underground equipment, tractor replacement and additions to some employee dwellings.

The details of changes in plant buildings and equipment are as follows:

Additions:	
Mine Equipment	$ 49,475
Reduction building and equipment	7,828
Surface buildings and equipment	71,881
	$ 129,184
Less net book value of retirements	Nil
Net Increase	$ 129,184

EXPLORATION:

Through joint participation in the exploration program of the parent company, Dome Mines Limited, your Company continued its 30% interest in the following:

Quebec:

A participation with others, in an option on the Bounty Exploration Limited property, adjoining East Sullivan Mines in Bourlamaque Township, involving 22.5 miles of induced polarization surveys and other supporting geophysical methods, found one anomaly, which when drilled, proved to contain barren sulphides.

A participation with others in an exploration program on the property of Kusten Mines Limited, in the Mattagami area which was completed during the year. Thirty-one line-miles of deeply penetrating electro-magnetic survey, followed by 3,085 feet of diamond drilling, failed to disclose economic mineralization.

A participation with others, in staking a property in Bourlamaque Township on which a detailed geophysical survey failed to indicate an anomaly worth drilling.

The investigation of two properties staked in 1965, failed to disclose economic mineralization.

A participation in a prospecting party equipped with geophysical instruments, worked throughout the summer on open ground and on ground which was held by staking; another group was staked at the end of the season and will be investigated in the coming year.

Ontario:

A participation in a prospecting party which staked a group of eighteen claims to cover a new gold occurrence which was found at the end of the prospecting season. A participation in the option on

the Bamaji Lake claims, on which an extensive program of surface trenching was carried out to explore the gold-silver showings. As a result of the trenching and sampling program, it was decided to allow the option to lapse.

As a result of 1965 prospecting, a fifty-seven claim property had been staked to cover a portion of a granite intrusive mineralized with narrow molybdenum-bearing quartz veins. This property is known as the Mennin Lake property. An extensive program of surface trenching was carried out and a geochemical soil sampling program was undertaken in an attempt to outline molybdenum-rich areas beneath the overburden. As a result of the trenching, sampling and geochemistry, a program of diamond drilling was laid out to test a selected portion of the property. This program involved the drilling of three holes for a footage of 1,710 feet. Fairly wide-spread but extremely low-grade molybdenite mineralization was revealed in these drill holes. None of the material intersected is of ore grade over mining width.

A participation in an airborne geophysical project in Northwestern Ontario led to the staking of 158 claims which received preliminary ground geophysical investigation. Diamond drilling will be carried out during the coming year.

Manitoba-Saskatchewan:

A participation in an extensive airborne geophysical project covering certain areas in Manitoba and Saskatchewan continues.

Western Canada:

In British Columbia and the Yukon Territory your Company continued participation with others in three major programs: The Coranex Project is a broad exploration program in Central British Columbia and the Yukon. As a result of an aggressive exploration program, properties covering base-metal mineralization were acquired in various areas. The Omineca Project involved a search for mercury in Central British Columbia. This program used new techniques but it did not succeed in finding economic mineralization. A syndicate involving a major exploration program in the western portion of the Yukon Territory in which properties were acquired and exploration will continue in 1967.

General:

Various participations in prospecting ventures organized by individual prospectors in Quebec, Ontario, British Columbia and the Northwest Territories.

GENERAL:

The ore continued to be more refractory to milling than in previous years and led to a decrease of 0.37% in recovery.

Costs were adversely affected by higher wages, increased cost of supplies and plant maintenance.

As predicted a year ago, the scarcity of experienced and even inexperienced labour proved a serious problem which is expected to continue in 1967. Relief will depend on the future immigration policy of the Government and the general level of activity in heavy industry in general and the construction industry in particular.

Appended to this report is a table setting forth the communities in which purchases were made, wages and salaries and distribution of taxes.

It is a pleasure to record my appreciation to Mr. M. A. Taschereau, General Superintendent and to the heads of the various departments and operating staff for the loyal and efficient services rendered by them to the Company.

Yours faithfully,

J. CHISHOLM,

General Manager.

Balmertown, Ontario,
February 20, 1967.

Total supplies and services	$1,710,655
Total amount of wages and salaries	1,414,686
Income taxes	1,180,000
Other taxes (Provincial and Municipal)	334,435

PRINCIPAL CITIES AND TOWNS IN CANADA WHICH BENEFIT

Agincourt	Fort William	New Liskeard	Sarnia
Balmertown	Galt	North Bay	Scarborough
Belleville	Haileybury	Oakville	St. Boniface
Burlington	Hamilton	Orillia	St. James
Clarkson	Islington	Oshawa	Sudbury
Cooksville	Kenora	Ottawa	Thornbury
Don Mills	Kirkland Lake	Peterborough	Timmins
Dorval	Kitchener	Pointe Claire	Toronto
Downsview	La Salle	Port Arthur	Weston
Dryden	London	Red Lake	Willowdale
Elliot Lake	Milton	Red Lake Road	Windsor
Fort Erie	Montreal	Rexdale	Winnipeg

NUMBER OF COMMUNITIES, COMPANIES AND INDIVIDUALS THROUGH WHOM SUPPLIES AND SERVICES ARE PURCHASED

	Communities	Companies and Individuals
Manitoba	3	74
Ontario	41	154
Quebec	4	21
United States of America	7	11
	55	260

AR38

Dome Mines Limited

Suite 1007 Excelsior Life Building
36 Toronto Street
Toronto 1, Ontario

Office of the Secretary

August 12, 1966

Financial Editor,
The Globe and Mail,
140 King Street West,
Toronto, Ontario.

Dear Sir:

Enclosed for release on Monday, August 15, 1966 is Statement of Estimated Earnings of Dome Mines Limited and its subsidiary companies for the six months January 1 to June 30, 1966 with comparative figures for the year 1965.

Yours truly,

Bryce MacKenzie

B. R. MacKenzie
Secretary

*JP

Encl.

DOME MINES LIMITED
and its subsidiary companies

STATEMENT OF ESTIMATED EARNINGS FOR THE SIX MONTHS JANUARY 1 TO JUNE 30, 1966
(with comparative figures for the year 1965)

	Parent Company 1966	Parent Company 1965
Tons milled	355,200	355,100
Gold - Fine Ounces	87,671	86,473
Bullion	$3,331,399	$3,297,354
Operating costs (including expenditures on shaft sinking: parent company, 1966 - $80,898; consolidated, 1966 - $80,898; 1965 - $40,763)	$3,545,729	$3,176,232
Less credit under the Emergency Gold Mining Assistance Act	664,000	505,000
	$2,881,729	$2,671,232
Provision for depreciation	94,200	95,800
Provision for tax under Provincial Mining Tax Acts	17,000	27,000
Outside exploration expenses	87,500	97,500
	$3,080,429	$2,891,532
Operating profit	$ 250,970	$ 405,822
Other income (Parent company figures include dividends from subsidiary companies: 1966 - $782,107; 1965 - $604,604)	1,092,308	1,025,449
	$1,343,278	$1,431,271
Provision for income taxes	120,000	220,000
	$1,223,278	$1,211,271
Minority interest in net income of subsidiary companies		
Estimated net income	$1,223,278	$1,211,271
Per share	$0.63	$0.62

Consolidated 1966	Consolidated 1965
$8,067,091	$7,910,036
$6,203,950	$5,769,293
922,000	739,000
$5,281,950	$5,030,293
264,543	284,617
179,000	180,300
128,090	142,774
$5,853,583	$5,637,984
$2,213,508	$2,272,052
633,564	591,059
$2,847,072	$2,863,111
782,220	847,000
$2,064,852	$2,016,111
638,542	597,017
$1,426,310	$1,419,094
$0.73	$0.73